

MONTANA BOARD OF HOUSING  
TERMS AND CONDITIONS OF THE  
CITY OF BILLINGS VI  
AFFORDABLE FIRST-TIME HOMEBUYER PROGRAM  
\$4,000,000.00 OF 5% MORTGAGE FUNDS  
July 1,2000  
(Revised February 17, 2004)

**Purpose of Program:**

The objective of the City of Billings Program is to combine City of Billings HOME funds and Montana Board of Housing 5% mortgage funds to provide financial assistance to lower income households to assist them in purchasing a new or existing home in the City of Billings. The program is targeted to households which for one reason or another do not qualify for traditional financing without the program assistance. Through the down payment assistance, closing cost assistance, mortgage buy downs, funding of minor home repairs and below market interest rate loans the program is intended to close the gap for many low income individuals who are currently unable to become homeowners.

Funds to provide assistance for the program are provided through the Federal HOME Program under which Billings is an entitlement community, Community Development Block Grant Funding under which Billings is an entitlement community, Fannie Mae and acquisition financing by the Montana Board of Housing.

**ELIGIBILITY DETERMINATION:**

The City of Billings HOME Program Coordinator reviews potential applicants for eligibility, pre-qualifies applicants, determines type and preliminary levels of assistance and determines the final amount of assistance to be provided.

**TERMS AND CONDITIONS:**

1. Maximum purchase price not to exceed \$160,176.
2. Maximum Gross Annual Family Income from all sources (not to

exceed 60% of HUD median Income for the deferred loan program):

1 person	\$22,500	5 persons	\$34,700
2 persons	\$25,700	6 persons	\$37,300
3 persons	\$28,900	7 persons	\$39,900
4 persons	\$32,200	8 persons	\$42,500

3. Maximum Gross Annual Family Income from all sources (not to exceed 80% of HUD median income for the Mortgage Payback Program):

1 person	\$30,000	5 persons	\$46,300
2 persons	\$34,300	6 persons	\$49,750
3 persons	\$38,600	7 persons	\$53,150
4 persons	\$42,900	8 persons	\$56,600

To qualify for this program applications must meet one or more of the following criteria:

\* Minority household

\* Household purchasing a home in a lower income neighborhood

\* Purchasing a new home below -MBOH Mortgage limits of \$160,176.00

4. Total Family assets not to exceed \$30,000.00 and \$3,500.00 in net liquid assets. Families are required to have a minimum of \$1,000.00 personal down payment funds.

5. Home buyer may be either a first-time home buyer (3 year rule): displaced homemakers who owned a home with a spouse: single parents who owned a home with a spouse while they were married: or an individual who owns a dwelling unit whose structure:

a) is not permanently affixed to a permanent foundation in accordance with local or other applicable regulations:  
or

b) is not in compliance with state, local or model building codes and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure.

6. Property to be owner occupied and be maintained as the mortgagors principal residence while any portion of the mortgage loan remains outstanding. No more than 15% of the total area of the residence may be used in a trade or business.

7. Assumptions of the loan require prior Board approval. Assumptors to qualify under the same terms as the original home buyer.

8. Reservations for Mortgage funds are on a first-come, first-served basis and must be accompanied with an authorization letter from the City of Billings HOME Program Coordinator.

9. Recapture Tax provisions DO NOT apply.

10. First Mortgage Loan Terms:

a. Each mortgage loan shall be insured by FHA under Section 203 (b) of the National Housing Act or guaranteed by the VA under Section 810, Chapter 37 of Title 38, U.S. Code.

b. The fixed rate of interest on the mortgage loans shall be 5% per annum.

c. Maximum mortgage loan shall be \$160,176.00.

d. The term of Mortgage Loans shall be 30 years and such Mortgage Loans shall provide for complete amortization by maturity with equal monthly payments of principal and interest. Each mortgage loan shall provide for monthly escrow payments in an amount sufficient to enable the servicer to pay when due, all real property taxes and assessments, hazard and casualty insurance premiums and mortgage insurance premiums.

e. The Servicer may deduct a monthly servicing fee at the annual rate of three-hundred-seventy-five thousandths of one percent (.375%) of the outstanding principal balance of Mortgage Loans subject to the provisions of the Servicing Agreement. The servicing fee factor is .075 (for 5.0%).

f. Fee Structure (Lenders):  
- up to a 1% origination fee and 1% discount fee to be paid by MBOH at purchase.  
- City of Billings will negotiate with each lender and direct the distribution to each home

buyer the  
participating

fees charged by approved and  
financial institutions.

g. Applicants using the City's Mortgage Payback Program will make monthly second mortgage payments (interest rate to be determined) for a 10 year period to repay the downpayment, closing cost and minor repair funds.

11. Applicants utilizing the City's 203K program also have the following terms and conditions:

\* Land purchased with the residence shall not include vacant lots that can be sold off separately.

\* Program offered City Wide, but the home assisted must be 25 years old or older.

\* Each Mortgage Loan shall be insured by FHA under Section 203 (k) of the National Housing Act.

\* The fixed rate of interest on the Mortgage Loans shall be calculated based on a 5% rate and determined by the assistance provided to buy down the rate.

12. Refinancings of existing Mortgage Loans are not eligible for purchase by the Board. Refinancings of construction period loans or other interim financings which have a term of 24 months or less are not considered refinancings of existing Mortgage Loans.

13. A mortgagor can be obligated on only one Montana Board of Housing loan at a time.

14. An eligible Mortgage Lender desiring to reserve funds must submit (1) the Mortgage Loan Reservation/Confirmation Report (BOH form 99); (2) a copy of an executed FHA/VA Loan Application or other complete loan application used by the Mortgage Lender; (3) a copy of an executed Buy/Sell Agreement; (4) verification of Annual Family Income; (6) Letter from the City of Billings confirming the eligibility of the Mortgagors for the program; and (7) Signed "Release of Financial Information" form. Upon receipt of such documents, the Board may reserve bond proceeds for 120 days to acquire Mortgage Loans on existing housing and 180 days to acquire Mortgage Loans for new construction. Such period may be extended upon payment of an additional one-fourth of one percent (.25%) for each 30-day extension, which shall only be paid by the Mortgage Lender. If the Mortgage

Lender is not acquired by the Board within this time period, a one-fourth of one percent (.25%) cancellation fee will be imposed except as provided in Section 15 hereof.

15. Mortgage Loans shall be tendered for sale to the Board within 45 days following execution of the note by the mortgagor. If the Mortgagor Lender fails to deliver such loans within 45 days after the origination, the purchase price will be reduced by one-half of one percent (.5%) for each 30 days the loan is not delivered. To determine the accrued interest for purchase and interest on monthly mortgage payments, multiply the number of accrual days by the outstanding principal balance, and divide by the 360 day factor (for 5.0%) 7200.00. To determine the accrued interest for payoff, multiply the number of accrual days by the outstanding principal balance, and divide by the 365 day factor 7300. The monthly remittances and payoffs can be wired or ACHed to:

**WIRES:** Direct to ABA 091000019  
Wells Fargo Bank West, N.A.  
For Deposit to CK ACCT #0001038377  
Credit: Montana Board of Housing  
Servicer (3 digit #) \_\_\_\_\_  
Receipt Code (3 digit #) \_\_\_\_\_

Send only ONE ACH remittance (all series combined) for each remittance made during the month. You must complete the MBOH Wire Remittance Detail Fax form listing the individual remittances for each series (even if remitting only one series). Fax the form to both Wells Fargo Bank West, N.A. and to the Montana Board of Housing. See the Remittance Detail Fax form for the appropriate fax numbers.

**ACH:** Wells Fargo Bank West, N.A.  
ABA 091000019  
CK ACCT #0001038377  
CR ACCT: MT BD OF HSG (Position 55-76; 22 characters)  
Servicer (3 digit #) \_\_\_\_\_ (Position 40-54: 15 characters)  
Receipt Code (3 digit #) \_\_\_\_\_

Send only ONE ACH remittance (all series combined) for each remittance made during the month. You must complete the MBOH ACH Remittance Detail Fax form listing the individual remittances for each series (even if remitting only one series). Fax the form to both Wells Fargo Bank West, N.A. and to the Montana Board of Housing. Again, see the Remittance Detail Fax

form for the appropriate fax numbers.

16. Mortgage Lenders will be required to provide the Board with information regarding Mortgage Loans when requested by the Board to comply with the requirements of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

17. Program duration: July 1, 2000 to July 1, 2004.

If you have any questions, please contact Vikki Gredek, MBOH, at 406-841-2856 or [vgredyk@state.mt.us](mailto:vgredyk@state.mt.us)